

OHIO AIR QUALITY DEVELOPMENT AUTHORITY

The regular meeting of the Ohio Air Quality Development Authority (“Authority”) was held on Tuesday, January 11, 2022, at 10:00 am.

With the current state of the pandemic, the Authority made available a video link for guest presenters and a telephone number for anyone who wanted to listen to the meeting. The phone number was provided to those who requested access by 4:00 pm Monday, January 10, 2022.

These are the minutes of the meeting.

The following members were present:

Jim Simon, Chairman
Michael Curtin
Cara Brook

Ex-Officio members present:

Laura Factor, Ohio EPA
Gene Phillips, Ohio Department of Health

The following members were present remotely:

Michael Keenan, Vice Chairman

Staff present:

Christina O’Keeffe, Executive Director
Brooke Grant, Manager of Planning and Projects
Sandra Langston, Administrative Manager
Gabe Lorenz, Customer Service Coordinator

General Counsel:

Thad Boggs, Frost Brown Todd

Staff present remotely:

Dawn Pertner, Fiscal Officer
Laura Klein, Program Coordinator

Guests present:

The following guests were present in person:

Nick Lingenfelter, PLK Communities

The following guests were present remotely:

Blake Beachler, Calfee, Halter & Griswold
Steve Smith, Frost Brown Todd
Rob McCarthy, Bricker & Eckler
Mary Sullivan, Dinsmore & Shohl
Katie Lundy, Inspire PR Group
Steve Sparks, Frost Brown Todd

Brian Barrington, Pegasus Specialty Vehicles
John Kirschner, GB Solutions
Matt Schnackenberg, PFM
Jim Schultz, Huntington Bank
Jeff Liebert, TE Fusion

This meeting of the Authority has been duly posted and given to all news media, organizations and other persons who requested such information in accordance and in full compliance with Chapter 3706-1 of the Ohio Administrative Code.

Chairman Simon called the meeting to order at 10:00 a.m.

1. The Chairman welcomed everyone.

The roll call of Authority Members:

Chairman Simon – Present

Vice Chairman Keenan – Present remotely

Member Curtin – Present

Member Brook – Present

Member Factor – Present

Member Phillips – Present

General Counsel Boggs confirmed compliance with the Open Meetings Act, that a quorum of five members was present in person, and that it remained an open, public meeting. Mr. Boggs confirmed that the meeting was fully in compliance with state law. He stated that, to approve votes, there would need to be an affirmative vote of four members physically present at the meeting, and a roll call vote should be taken for each item that requires a vote.

Chairman Simon stated that the Authority would be explicit on which item was on the table for discussion or vote, and that he would recognize members and guests by name and title during discussions or ask them to introduce themselves.

2. Minutes – Regular business meeting December 14, 2021.

Member Brook moved for approval of the minutes. Member Curtin seconded.

Roll call vote:

Member Factor – Yes

Member Brook – Yes

Chairman Simon – Yes

Member Curtin – Yes

Member Phillips – Yes

Motion passed. Minutes adopted.

3. Resolution 22-01 (CARC)

Pegasus Specialty Vehicles

A resolution authorizing the issuance of not to exceed \$500,000 Air Quality Revenue Bonds of the State of Ohio in order to assist Pegasus Specialty Vehicle in the financing of costs of air quality facilities in order to promote the public purposes of Chapter 3706, Ohio Revised Code; providing for the assignment of revenues for the payment of the bonds; authorizing the execution and delivery of a loan agreement, an assignment of loan agreement and the bonds; and authorizing and approving related matters.

Director O’Keeffe introduced this Resolution for Pegasus Specialty Vehicles, a small business manufacturer located in Hardin County. They manufacture electric school and shuttle buses, and their project includes a large paint booth and mixing room along with lighting, HVAC, and other energy-efficiency upgrades. She introduced Brian Barrington, company President, to present on the project.

Mr. Barrington thanked the Authority for the opportunity to present. The Company is located in Dunkirk, Ohio. It was created in October 2021 in partnership with Black Gold Capital. They are members of the Hardin County Chamber of Commerce, other local chambers, and members of the National Association of Pupil Transportation. Mr. Barrington sits on the Body and Chassis Committee at the National Congress on School Transportation. The project involves installation of a 55-foot-long paint booth that can handle up to 45-foot school or transit buses. Their facility is an old building in need of improvements, including replacement of drafty windows, 200 fluorescent lights, leaking overhead doors, installing new HVAC, and electric vehicle chargers for both public and private use. The project will result in lower air emissions from the building and significant improvements to energy efficiency. OAQDA assistance will allow a more rapid scaling up of the company’s operations. Mr. Barrington said the company is already receiving orders from around the country as well as Canada.

Member Curtin asked what the average salary would be for the 25 new positions. Mr. Barrington responded that they anticipate a baseline rate of around \$17 per hour for general labor. The salary for skilled labor will vary from \$21 to \$23 per hour, including welders and painters. This is a high rate of pay for the area in which they are located. Member Curtin asked if scarcity was a problem in that area. Mr. Barrington replied there isn’t any evidence of that as they have been seeing a high rate of applications. Member Factor asked how the company heard about OAQDA. Mr. Barrington learned about OAQDA through a supplier.

Member Phillips moved to approve Resolution 22-01. Member Curtin seconded.

Roll call vote:

Member Phillips – Yes
Member Brook – Yes
Member Curtin – Yes
Member Factor – Yes
Chairman Simon – Yes

4. Resolution 22-02 (CARC)

Pegasus Specialty Vehicles

A resolution that approves grant assistance not to exceed \$20,000 from the Small Business Assistance Fund to Pegasus Specialty Vehicles for the purpose related to the eligible portions of the financing approved through Resolution 22-01.

Director O’Keeffe introduced this Resolution, which is for grant assistance of not to exceed \$20,000 for the same project as Resolution 22-01.

Member Factor moved to approve Resolution 22-02. Member Phillips seconded.

Roll call vote:

Member Factor – Yes
Member Curtin – Yes
Chairman Simon – Yes
Member Phillips – Yes
Member Brook – Yes

Motion passed. Resolution adopted.

5. Resolution 22-03 (CAIP- Inducement)

3660 Michigan, LLC

A resolution agreeing to issue revenue bonds of the State of Ohio to assist in the financing of the costs of the acquisition, construction and installation of air quality facilities for the use of 3660 Michigan, LLC.

Director O’Keeffe introduced this Resolution for 3660 Michigan, LLC which is an inducement for a whole building project type under the Clean Air Improvement Program (CAIP). This application is the first project of its type to come through CAIP under the program guidelines adopted in 2020. The developer is PLK Communities. The project is located in Hamilton County. In consideration of the inducement resolution OAQDA staff worked with the developer to understand their request for the building to serve as the air quality facility. Technical and financial reviews were conducted, and reports have been provided to Authority Members. She informed that Heapy Engineering and PFM Financial Advisors will present on their findings, after the presentation by the developer. The project is approximately 80 percent of the new construction facility, which will be located on a brownfield. OAQDA technical reviewers verified that it would exceed the 50 percent minimum requirement under the CAIP guidelines. The financing request is not to exceed \$22 million. She introduced Nick Lingenfelter to present on behalf of the company.

Mr. Lingenfelter, Vice President of Development for PLK Communities has been overseeing their Development Department for over seven years. PLK Communities is a 23-year-old company that is headquartered in the Cincinnati area. They oversee nearly \$250 million worth of projects inside the Cincinnati Metropolitan Area. This project is considered one of their most critical. They purchased the former U.S. Playing Card facility which was one of the largest brownfields in the Cincinnati area, requiring removal of over four and a half miles of asbestos. The site also includes part of the former Norfolk Southern rail line.

PLK Communities has 180 employees and owns 30 properties in the city. Every one of their owners lives in the State of Ohio and they have no outside investors. They hold their properties long-term. They are the largest owner of affordable housing in the Cincinnati area. The average rent for any of their units is under \$1,000 per month. This project represents a higher rent tier due to the environmental remediation and building improvement factors. They are the largest builder of LEED-certified housing in the past three years, and this project is their first involving solar. Mr. Lingenfelter explained other aspects of their company, including rankings for diversity and housing types as well as their philanthropy within the Cincinnati community.

The 3660 Michigan, LLC project includes 51 rental homes including 43 two-bedroom units and eight one-bedroom units. The apartments are larger and rental rates in this building are higher than most PLK Communities projects. The building will include a private parking garage and will have a full-time property manager and maintenance worker. Two full time jobs will be added paying \$125,000-\$130,000 per year. The general contractor for the project is a woman-owned business and the drawing department is located within the community. The cost per unit and cost per square foot for the property is higher than average due to the improvements that will be made to the building. Mr. Lingenfelter said without OAQDA's assistance the improvements might not be feasible.

The project was named by the Cincinnati Business Courier as the #3 project to watch in the Cincinnati area in 2022. It is the first major development project built along the Wasson Way. The Wasson Way is a trail network along the former Norfolk Southern rail line, that the City of Cincinnati has spent over \$17 million improving. PLK is funding the trail extension through Xavier University.

The company completed four rounds of environmental remediation for the former Norfolk Southern rail spur. They are following a remediation plan involving required testing of soil. The company has been engaging with the City of Cincinnati for over 14 months and has achieved all their approvals. They are in receipt of letters of support from the City of Cincinnati and the Cincinnati School Board. They made some changes to the building in their process of public engagement to modify certain sight lines.

Director O'Keeffe introduced Bryan Kinch of Heapy Engineering, OAQDA's third-party consultant. Mr. Kinch discussed their technical review scope, which included reviewing applicant-provided information. This evaluation included a whole building energy model developed with Trane TRACE energy modeling software, their roof mounted solar PVA which was modeled by an internal Heapy software, and the company's proposed commissioning, construction, and measurement and verification (M&V) plans. The M&V plan would be used to verify that the project is meeting the energy performance that they plan to achieve through the life of the project. The energy conservation measures include building envelope and insulation, lighting, HVAC, domestic hot water, kitchen appliances, and solar PV. Heapy determined in their review, that the whole building energy model was consistent with best practices outlined in ASHRAE 90.1 2010 as well as EnergyStar multifamily high-rise program simulation guidelines. According to ASHRAE 90.1 2010, the baseline energy usage (EUI) would be 31.9 kBtus per square foot per year, and the proposed building is determined to have an EUI of 17.7 kBtus per square foot per year.

Heapy developed a model of the proposed solar photovoltaic (PV) system and did not observe any issues with the proposed layout or equipment. They anticipate the solar PV system producing an average of approximately 195,000 kWh per year. They further determined that the whole building energy model should save approximately 390,000 kWh over proposed baselines developed using ASHRAE 90.1 2010. Total savings were anticipated at 585,000 kWh and approximately 68 percent total energy savings over the baseline building. Using the COBRA health benefits estimator, total health effects were anticipated to be between \$9,000-22,000 in health cost savings. The useful life was anticipated to be close to 20 years including the solar PVA and HVAC equipment, Heapy anticipated that the building should be able to meet the 50% CAIP guideline requirements over the lifetime of the project financing as long as the equipment is maintained or replaced with the most energy-efficient equipment that is available.

Director O’Keeffe then introduced Matt Schnackenberg with PFM Financial Advisors. Mr. Schnackenberg said PFM created its own projections based on their and the applicant’s assumptions and attempted to recreate the applicant’s projections. These assumptions include the tax increment being equal to the hard cost of the project plus the increased land value, and that the valuation was held as of the term of the abatement. They further assume that 80 percent of the project would be eligible for the abatement, which includes hard costs and construction costs of the project. PFM assumed that the project would be complete by 2023 and looked at 20 and 30-year terms of the project with a tax rate held throughout. This model came out to be about \$390,000 per year of abatement which totaled about \$7.8 million for a 20-year term and about \$11.7 million for a 30-year term. The taxes that the company would be estimated to pay is about \$115,000 per year. The sales tax abatement is estimated to be approximately \$607,000. PFM’s analysis matched the company’s. Finally, PFM and the Company held a call to discuss the Company’s assumptions, to which PFM determined to be reasonable.

Chairman Simon asked for clarification on the percentages for sales and real estate tax. Mr. Schnackenberg replied that PFM is assuming that 80 percent of the project is eligible for the abatement. Chairman Simon asked why the project, as a whole building type, only included 80 percent for abatement. Mr. Lingenfelter said land is not included. Chairman Simon asked for clarification on what is being included in the project and wondered if everything except the land is included. Regarding the land, Mr. Lingenfelter stated that if they participate in the state’s Value Added Tax (VAT) program, they will assume that the land would be locked at some of the original basis. He further noted that Cincinnati currently collects about \$11,000 in tax for this parcel, which would increase to approximately \$115,000 after the project. He further stated that banks cap lendable proceeds, which affects the model. Director O’Keeffe further added that the CAIP guidelines are specific about certain expenses that are not be eligible. So OAQDA’s financing may not cover 100% of the total budget costs for design and construction, even though there are costs necessary for the project (e.g., marketing, aesthetics).

Chairman Simon asked about the soil segregation and whether they would need to do a sub-slab pressurization unit. Mr. Lingenfelter responded that there is a passive radon system and that they test the slab. Residential units are not located on the first floor to avoid any potential issues.

Member Phillips inquired about their application to the VAT program. Mr. Lingenfelter said they could not submit their application until they did sub-slab testing and that there are two courses of applications that could be submitted after testing. In the event they were not approved; the project would be taxable at the 15-20 percent basis. Member Phillips asked if OAQDA’s approval is contingent on that approval. Mr. Lingenfelter replied that it is not

Member Curtin asked if they received a letter of support from the Cincinnati City Schools. Mr. Lingenfelter responded that PLK received a letter of acknowledgement from the Cincinnati Public Schools’ attorney and the Company asked if anything else was needed, to which the attorney replied no. PLK is prepared to discuss some sort of PILOT agreement if requested. Member Curtin inquired about the position of the Cincinnati Public Schools and whether they are neutral about the project at this point. Mr. Lingenfelter confirmed that to be correct. He stated that PLK has been working with the Cincinnati Public Schools on the site over the past two years.

Member Curtin asked if the taxing districts would be receiving higher taxes over the current status as a result of the project even with 80 percent abatement. Mr. Lingenfelter confirmed that is correct. Member Curtin inquired about the rental cost on the units. Mr. Lingenfelter anticipated that the range

would be approximately \$2,400 to \$3,000. They are targeting empty nesters who want to downsize but remain in their current community with the benefits and improvements that the new building would provide.

Member Curtin asked what parts of the project would be eligible for 20 years of abatement versus 30 years. Mr. Lingenfelter stated that under the ongoing testing they would lose their abatement if they do not perform up to the terms of OAQDA financing, including the technical energy performance. This would require replacing the equipment with equal or better-performing equipment. They are also negotiating with suppliers to extend the warranties from 25 to 30 years for certain systems, such as solar. Member Phillips asked for clarification on whether the facilities on the first floor would have a sub-slab. Mr. Lingenfelter said there are no residential units on the first floor and that the garage is able to act as the environmental barrier for the residential tenants.

Member Factor moved to approve Resolution 22-03. Member Curtin seconded.

Roll call vote:

Member Phillips – Yes
Chairman Simon – Yes
Member Curtin – Yes
Member Factor – Yes
Member Brook – Yes

Motion passed. Resolution adopted.

6. Resolution 22-04 (Administrative)

Next Level Technologies

A resolution authorizing an amendment to the agreement with Next Level Technologies to provide information technology services and to authorize purchase of additional computer equipment.

Director O’Keeffe introduced this Resolution which modifies the agreement with Next Level Technologies, which provide IT support to OAQDA. They have an existing agreement through June 2023, but the fee is assessed on a per-person basis. As OAQDA is adding two employees in January this requires adjusting the monthly retainer to include an additional \$300 per month. The resolution also authorizes equipment purchases for new staff not to exceed \$1,500 each.

Member Brook moved to approve Resolution 22-04. Member Factor seconded.

Roll call vote:

Member Brook – Yes
Member Curtin – Yes
Chairman Simon – Yes
Member Phillips – Yes
Member Factor – Yes

Motion passed. Resolution adopted.

7. Resolution 22-05 (Administrative)

Employee Wage Adjustment

A resolution authorizing rate adjustments for OAQDA employees.

Director O’Keeffe introduced this Resolution, which is to adjust wages for OAQDA employees for the pay period as of January 1, 2022. This adjustment includes a cost-of-living raise of 3 percent for employees active with the pay period ending January 1, 2022. As background, OAQDA performed an analysis to compare salaries between OAQDA and similar organizations, which also identified disparities in the fiscal officer role. This position will receive a cost-of-living raise of 3.5 percent. The resolution also authorizes a permanent wage adjustment for Manager of Planning & Projects, Brooke Grant, who has been under a temporary rate adjustment for the past year and a half. With the addition of new employees who will report to Ms. Grant, Director O’Keeffe recommends a permanent adjustment to reflect the increase of these and other programmatic duties. She said that it is well-deserved across the board. Chairman Simon agreed.

Member Brook moved to approve Resolution 22-05. Member Factor seconded.

Roll call vote:

Member Factor – Yes

Member Phillips – Yes

Member Curtin – Yes

Member Brook – Yes

Chairman Simon – Yes

Motion passed. Resolution adopted.

8. Executive Director’s Report

Christina O’Keeffe

Director O’Keeffe presented a brief report. She introduced Laura Klein, who recently joined OAQDA’s team. Ms. Klein briefly introduced herself by sharing her educational and employment background as air and water resources engineering scientist. She has a water resources engineering degree from the University of Guelph in Ontario and a master’s degree in atmospheric sciences from the University of Wisconsin-Madison. She completed her doctoral studies at the University of Hamburg in Germany. She has worked as an environmental program management consultant in Washington, D.C., a professional air quality engineer in Ontario and Nova Scotia, and for the American Meteorological Society in Boston. She has also had her own consulting company focusing on air quality and climate issues. She lives in Dublin and is very pleased to be working at OAQDA. Chairman Simon said the board is excited to meet her in person when circumstances permit. Director O’Keeffe said she is very excited for Ms. Klein to join the team and that her technical background complements OAQDA’s existing skill set. Another employee is expected to join later in January.

Director O’Keeffe introduced Ms. Grant to provide an update after the CAIP pilot period. Ms. Grant said since launching CAIP, the pilot period was extended a year to allow for more diverse project type applications. OAQDA engaged with stakeholders and conducted outreach to engineering firms, project developers, lenders, and other organizations. She presented a list of projects that applied to the program

during the pilot period. One of the goals of CAIP is increased transparency. An area of focus was formalizing engagement with technical reviewers, presenting board members with increased and improved data in project summaries including COBRA health benefits, and modifying the timing for agreement and payment of fees with the applicant. OAQDA also found that fee impact was different over different project types and improved on how this information was presented to applicants.

OAQDA successfully implemented local engagement criteria for larger projects, which is reflected on recent projects. Certificates of Air Quality Facility now include further information on sales and use tax exemption, to reduce confusion or questions from county fiscal officers. Overall, the pilot period has allowed OAQDA to engage with a diverse set of project types and analyze the impact and success of the program. An additional focus of the CAIP guidelines is the inclusion of project measurement and verification (M&V), which requires applicants to submit M&V plans that are reviewed by OAQDA staff and technical reviewers. Metrics for reporting were standardized under the CAIP guidelines and a non-performance fee was included in the revised fee schedule introduced in 2021. This fee requires projects to stay within 10 percent of performance goals.

The application process was reviewed throughout the pilot period. The application consists of a base application as well as supplements based on project type. This makes the application process easier. Through the pilot process, OAQDA has also learned more about different projects that may fall into simpler and more complex categories. As a result, staff created a frequently asked questions document that can be given to applicants to help their understanding of the process. Technical reviewers are included earlier in the process so that applicants better understand what is required of them and OAQDA more fully understands the project scope. OAQDA also continues to improve cycle times and standardizes elements of the process. Implementation has highlighted timing to be an important factor in project success. Feedback from project developers has been positive. Two examples of positive feedback include comments from Brian Lash, project owner for 130 W 2nd Street in Dayton and Brad Kitchen, project developer for three different projects approved through CAIP.

In 2022 and beyond OAQDA is focused on the project's performance monitoring, including measurement & verification (M&V) implementation, and the development of the new electronic database to help manage M&V reporting and data analytics. OAQDA is also focused on continuing to improve the application and applicant experience, and the new database will allow for application submission and data reporting online, which will streamline the application and reporting processes. OAQDA is working with Inspire PR, who is providing marketing support to better identify who OAQDA's audiences and target stakeholders are.

Member Curtin asked whether OAQDA had established a line of communication with the County Auditors' Association of Ohio to facilitate information sharing as OAQDA expands its programs. He said that in the interest of transparency it would be a good organization to share a basic understanding of what OAQDA is doing and seek county auditor feedback. Director O'Keeffe said this is a strategy OAQDA is exploring, as well as the County Commissioners' Association of Ohio. OAQDA had been communicating with county auditors on a case-by-case basis and is looking at a more proactive strategy to reach auditors statewide.

Director O'Keeffe recalled the time when OAQDA was contemplating the CAIP guidelines, and the nature of accountability incorporated into guidelines. At the time, it was uncertain how the performance monitoring would be implemented, but Vice Chairman Keenan was clear in the Board's direction to

get it done. She's proud of the work by the OAQDA team to research and develop its accountability protocols. Vice-Chairman Keenan agreed.

Finally, Director O'Keeffe reminded members to note the fiscal report in their packet. It includes updated end-of-year information along with the monthly financials. She noted that process has started for the 2021 annual financial audit.

9. Adjournment

The Chairman adjourned the meeting at 11:14 a.m.

The regular meeting of the *OHIO AIR QUALITY DEVELOPMENT AUTHORITY* will be held at 480 S High Street, Columbus, OH 43215 on Tuesday, February 8, 2022.